

Department Mission Statement:

The Department for Children and Families, as part of an integrated Agency of Human Services, fosters the healthy development, safety, well-being, and self-sufficiency of Vermonters.

We are passionate about prevention and will:

- Reduce poverty and homelessness;
- Improve the safety and well-being of children and families;
- Create permanent connections for children and youth; and
- Provide timely and accurate financial supports for children, individuals, and families.

Description of Appropriations, Divisions and Programs

The Department for Children and Families is comprised of the commissioner's office, three divisions and three offices:

Child Development Division (CDD). CDD supports the well being of Vermont's children through the development and provision of a continuum of comprehensive child development services for children and their families from pre-birth to age thirteen. The Division is organized under four primary functional areas: **Operations & Policy** which includes IT systems management, contract management, policy development, client management & communication and other aspects of operations that effect the full Division; **Child Care Licensing & Financial Assistance** which includes regulation and monitoring of CC programs and administration of the CC Financial Assistance Program including payments to participating providers; **Statewide Systems and Community Partnerships** which includes early childhood and afterschool workforce development, the Vermont STARS quality rating and improvement system for early care and education and afterschool programs, the Northern Lights Career Development Center for early childhood and after school professionals, Act 62 preschool implementation, partnerships with community-based networks (e.g. Parent Child Centers), Building Bright Futures and other Early Childhood and Afterschool Systems of Care; and **Children's Integrated Services** which includes Early Intervention, Nursing and Family Support, Early Childhood and Family Mental Health, and Specialized Child Care Services. CDD also includes the **Head Start Collaboration Office**.

Family Services Division. This division provides the following services: child abuse and neglect investigations, child protective services, services to children in the custody of the Commissioner of DCF and youth justice services, including supervision of youth on juvenile probation.

Economic Services Division (ESD). This Division provides both benefits and services to low to moderate income Vermonters. ESD consists of the following programs: Reach Up, Aid to the Aged, Blind, & Disabled (AABD), Health Care eligibility, Home Heating Assistance (LIHEAP), Food & Nutrition, Essential Person, Telephone Lifeline, General and Emergency Assistance

Office of Disability Determinations Services (DDS). DDS determines medical eligibility for disability benefits under Social Security and Supplemental Security (SSI) and Medicaid.

Office of Child Support (OCS). This office manages the Vermont child support program. It enforces ordered child support obligations; establishes child and medical support and parentage orders; and locates missing non-custodial parents.

Office of Economic Opportunity (OEO). OEO supports community-based antipoverty programs with grants management; resource identification and development; training and technical assistance; and advocacy.

Commissioner's Office

The Commissioner's Office provides administrative oversight and support to the operating divisions. It is responsible for policy and budget development, operational management of all programs and divisions, human resource development for approximately 978 DCF staff, internal and external communication and is charged with maintaining relationships with other state agencies, the legislature and federal officials.

Child Development Division

Program Focus:

The Child Development Division (CDD) seeks to improve the well being of Vermont's children by ensuring access to high quality, economically viable child development services. The goals for the division include promoting health and well-being, school readiness and foundations for life long success for Vermont's children. A focus on investing in prevention in the early childhood years reduces the likelihood of having to fund more costly interventions in social services, special education, and corrections later in life and promotes a strong start for Vermont citizens and future leaders. The CDD works in partnership with community based providers to ensure that a coordinated continuum of developmentally beneficial early childhood and after-school services are available throughout Vermont. The CDD is responsible to regulate and monitor early childhood and afterschool programs and administer the Child Care Financial Assistance Program that helps low-income families pay for child care. It administers a range of early intervention, home visiting, mental health, and inclusion services for children and their families experiencing significant challenges. It supports child care resource and referral services, parent education and other family support services for families. The division develops and supports state wide systems related to professional development for early childhood and afterschool professionals (Northern Lights Career Development Center) and continuous quality improvement of early childhood and afterschool programs (Vermont STep Ahead Recognition System – STARS) and provides direct incentives and rewards to CC providers and grants for direct services to community partners..

The Child Development Division is committed to the ongoing work of building an integrated system of early childhood services accessible to all young children in Vermont that focus on achieving good outcomes for Vermont children and their families. The public/private partnership advancing this effort is called Building Bright Futures.

Population Served:

The division focuses efforts on three client populations: children from pre-birth – age six and their families; children 6 – 13 participating in afterschool programs and their families; and early childhood and afterschool programs and professionals. The continuum of services it supports ranges from population based strategies to promote child development (primary prevention) through targeted interventions based on identified risk factors (surveillance and family support) and early interventions based on assessed needs to a limited set of intensive diagnosis-driven treatment services.

Major Programs/Services:

Child Care Licensing: CDD is responsible for regulating and monitoring child care programs in Vermont including early childhood and afterschool programs, registered and licensed family child care homes, and certified legally exempt providers. There are currently 690 Licensed Early Childhood Programs, 974 Registered Homes and 936 Certified Legally Exempt providers. The regulated child care system serves approximately 35,359 children ages 6 weeks to 13 years. The Licensing Unit processes applications for child care, including approximately 70,000 criminal record, and child/adult abuse screens annually. The Child Care Consumer Line receives and investigates complaints regarding child care. Licensing staff provide technical assistance to providers related starting a child care program, regulatory compliance and accessing other supports. Staff also provide information about child care regulations and regulated programs for families and other stakeholders.

Child Care Financial Assistance Program : Vermont invests approximately \$39 million annually helping families pay for child care so that while parents increase their economic stability through work and training or education, their children participate in developmentally beneficial early childhood and after school programs that support current well-being and future success. Eligibility and the amount of assistance received is based on gross family income and family size. Significant family risk factors may also be considered. Child care services for approximately 7,500 – 8,000 children (4,000 – 5,000 families) are subsidized through financial assistance at any given time. Most families in the program receive partial benefits and contribute to child care payments for their children.

The Child Development Division is responsible for program policy development, oversees eligibility determinations and manages bi-weekly payments to CC providers caring for eligible children. The Child Care Financial Assistance Program is supported by a federal Child Care Development Fund (CCDF) block grant and State General Funds.

Children's Integrated Services: This program brings together formerly disparate primary prevention and early intervention programs into a holistic approach for service delivery that utilizes a team structure, a single treatment plan, and a primary interventionist model. Each AHS region is currently involved in planning for or implementing this integrated services approach with a broad range of partners and stakeholders particular to their region. In November 2010, Lamoille, Rutland and Franklin/Grand Isle became the first three Vermont communities to implement full integration. CDD services included in this array are:

Early Intervention (EI) (*Part C of IDEA, formerly the Family Infant Toddler Program*) which provides a range of assessment and developmental services to children under 3 years with established disabilities or a diagnosed condition with high probability of subsequent developmental delays. There are about 780 active EI participants at any given period with over 2,000 children served through the course of a year.

Nursing and Family Support (NFS) (*formerly Healthy Babies, Kids and Families*) which provides home visiting, nursing and family support services to pregnant women and children up to 6 years who are receiving Medicaid benefits. Approximately 3,800 women and children receive NFS services annually.

Early Childhood and Family Mental Health (ECFMH) (*formerly part of Children's Upstream Services or CUPS*) which provides mental health consultation and education services to several hundred early childhood programs annually as well as direct therapeutic services related to social/emotional development, behavior regulation and counseling to over 860 children and families each year.

Specialized Child Care Services (SCCS) which provides a menu of support for particular populations of children (e.g. children involved with the Family Services Division, children in highly stressful circumstances, and children with special health and developmental needs) to ensure their successful inclusion in early childhood programs. Available supports include tuition for participation in a program, transportation, and inclusion supports.

State-wide Systems and Community Partnerships: This unit manages all initiatives that support improving the quality of child development services including services delivered in early childhood and afterschool programs. Major initiatives include promoting the ongoing professional development of the workforce through the Northern Lights Career Development Center, promoting increased quality through the Step Ahead Recognition System (STARS) and the expansion of infant/toddler and afterschool services through initiatives targeted to each age group. Participation and growth in STARS indicates a steady improvement in the quality of child care in Vermont – 53% of all licensed programs and 13% of all registered family child care homes are now rated with growing numbers of 4 and 5 star programs. Individual professional development achievements are supported and recognized – since 2004, over 700 individual child care professionals have earned a certificate, degree or credential.

This unit also supports external work with community, state and federal partners to establish, sustain and enhance the infrastructure and direct service capacity for a coordinated child development system in Vermont, including early childhood and afterschool services, expansion of Act 62 PreKindergarten partnerships and participation, and family engagement and parenting education. Key initiatives and partners in this work include: the Parent Child Center Network; Healthy Child Care Vermont; the Vermont Center for Afterschool Excellence; The Children’s Trust Fund; the Starting Points Network; and Building Bright Futures Direct Services (formerly Success by Six)

Operations: The Operations Unit is responsible for the following major functional areas: CDD’s web-based Bright Futures Information Technology System (BFIS); the BFIS Provider Helpdesk; coordinated policy development and process improvement; contract and grants management; data and planning; and federal and state reporting. In 2010, CDD went green and is now conducting business primarily on-line with over 98% of the 1664 regulated child care providers registered as “e-providers”. Decreasing paper use and improving customer service and responsiveness is a major accomplishment of the Operations unit utilizing the Bright Futures Information System.

Key Budget Issues:

Meeting Federal Requirements:

Federal requirements mandate that the Part C Early Intervention Program screen all children birth to age 3 who are substantiated victims of child abuse and neglect. While the federal mandate has not changed, Vermont has chosen to handle allegations of child abuse and neglect through differential response. One outcome of differential response is a reduction in the number of children who are designated as eligible for CAPTA referrals.

Children not mandated for a screening under CAPTA may still be considered ‘at risk’ due to challenging family circumstances. Some regions are seeing an increase in the number of ‘at risk’ referrals to early intervention which may be due to decrease in CAPTA mandated referrals. These children receive a developmental screening unless they are referred with a developmental concern or their family is requesting a full evaluation

The Office of Child Care in the US Department of Health and Human Services has significantly revised the preprint for the biennial Child Care and Development Fund (CCDF) State Plan which is due in July 2011. Though program regulations have not been changed, new expectations regarding evaluation of child care quality initiatives funded through the block grant are embedded in the pre-print and states are being asked to collect and report on a number of new data elements. There will be some information technology (IT) costs related to capturing and reporting the new data elements and an increased burden on CDD related to evaluation of major quality initiatives.

Pressures on the Child Care Financial Assistance Program:

In January 2010, CDD/DCF implemented major changes in the CC Financial Assistance program to achieve the following goals:

- Increase access to high quality child care in Vermont
- Align Vermont's rates and eligibility with federal guidelines
- Reinforce provider incentives to achieve quality
- Increase work incentives and support for families
- Increase fairness and equity in CC Financial Assistance Program
- Sustain specialized providers and comprehensive services
- Support continuity of care for children and economic stability for families

Quality: Vermont STARS recognizes child care quality and encourages child care providers on the path to higher quality standards. One aspect of STARS translates into increased rates in the CC Financial Assistance Program for providers with STARS ratings. This encourages providers to commit to continuous quality improvement and expands access to higher quality care for low income families. The program has been very successful with the numbers of children served in quality programs rising dramatically over the past few years. Currently, approximately 33% (or 2530 children) of all children receiving assistance are enrolled in STARS rated programs - 27% in programs with a STARS rating of 3 or more (on a scale from 1 – 5). As we achieve the goal of more subsidized children in higher quality settings, the average cost per child in the program rises.

Accessibility: The maximum rates in the Child Care Financial Assistance Program were increased for all regulated CC providers in 2010 to increase access to high quality child care for families receiving child care benefits. Subsidy rates paid for programs and providers with a 4 STAR rating meet or exceed the rates reported by 75% of regulated providers in 2008. This is intended to provide subsidized families access to the majority of available regulated CC providers with limited co-payment obligations beyond the state rate. CDD conducted a new Market Rate Survey of regulated CC providers in October 2010 (a bi-annual Market Rate Survey is a federal requirement). Rate increases in the child care marketplace since 2008 have outpaced the state rate - the current 4 STAR rate is at the 50th percentile of 2010 provider rates leaving subsidized families access to only half of the regulated CC market with out co-payment obligations beyond the state rate.

Affordability: The sliding fee scale in the CC Financial Assistance Program establishes eligibility standards and determines the amount of benefit each family receives according to gross family income and family size. The gradual decrease in benefit levels as income rises is intended to ease the “benefit cliff” that occurs when a benefit is dramatically reduced due to a change in family circumstances. In January 2010, the legislature approved an adjustment to the sliding fee scale to bring it up to date to the 2009 Federal Poverty Level Standard. CDD analysis shows that this has increased access to child care for those families with a benefit level of 50% or more.

For families with less than a 50 % benefit, which means that they have to pay more than 50% of the rate charged by their CC provider themselves, paying for child care, especially good quality care, remains a challenge, even with a subsidy. For low wage workers the expense of paying for more than 50% of child care expenses in a regulated child care setting can become a disincentive to work or a burden that seriously limits their choice of CC providers. This can only be ameliorated with additional adjustments to the sliding fee scale to increase the state's share of child care expenses for eligible families.

An Improving Economy: The changes made to the child care program in 2010 were intended to provide greater support to more low income Vermonters seeking good quality child care for their children while they work. Take up rates in the program have not increased significantly in this first year, possibly due to the still sluggish economy and uncertain or unstable employment for many parents. As the economy begins to show signs of recovery and more parents are able to find and sustain work, we anticipate increases in the child care caseload

Complexity of Children's Needs:

An increasing number of children in Vermont communities are in need of more intensive services due to these difficult economic times and the changing circumstances of Vermont families. The stress of incarcerated parents, addiction issues, homelessness, military deployment and other challenges impacts children's well-being and development. Mitigating such stresses requires specialized skills and comprehensive supports in the context of child development programs and services. Programs and services must be high quality and children must have access to enough of high quality service to attain developmental benefits that lead to better outcomes.

Program standards and monitoring, expert consultation, professional development system supports and well designed, well coordinated community based resources are critical to ensure that programs are able to meet child and family needs and service providers have the skills, knowledge, and resources necessary to nurture children and engage families. This means that under-resourced investments in CDD administered state-wide systems and community partnerships are especially critical.

Family Services Division

Program Focus/Population Served:

The Family Services Division is Vermont's child welfare and juvenile justice agency. It serves high risk children and families and intervenes as the statutes allow. It provides care and supervision for children in the custody of the commissioner.

Major Programs/Services:

Centralized Intake Unit: A unit of 2.5 supervisors and 6 social workers take calls of concern from mandated reporters and other citizens who suspect a child is experiencing child abuse or neglect. Unit supervisors decided which cases merit a social work intervention, based on law, regulation and policy.

Child abuse and neglect investigations: The division is responsible for responding to reports alleging that children are abuse or neglected. When an intake results in a child abuse investigation, a social worker must see the child within 72 hours. The focus is on the child's immediate safety. Frequently, social workers collaborate with law enforcement personnel when conducting these investigations. In FY '10, the division commenced just over 4500 such interventions.

Ongoing services to families at risk: For families who are at the highest risk of abuse or neglect, the division provides family services focused on addressing the underlying factors that contribute to the risk. Social workers provide direct services, and coordinate other therapeutic services targeted at risk reduction. Over an 18 month period, this caseload has grown from 80 statewide to over 450.

Substitute care, treatment and permanency planning services for children in custody: The division focuses on providing the most appropriate out-of-home living situation. Whenever possible, children are placed in their own school districts. The division is actively focused on ensuring a permanent home for children as soon as possible, preferably with the child's own family. The number of children in out of home placements has dropped from about 1499 to about 1000 over a 5-year period.

Transition services: Services to support the successful transition of youth in custody to adulthood, including training and support services through the Youth Development program, housing supports, extended foster care, and financial assistance with post-secondary training. Services are available to the young adults 22nd birthday. The division supports over 100 young adults through this program.

Probation and other restorative justice services for delinquent youth, including detention and treatment services at the Woodside Juvenile Rehabilitation Facility, a 28-bed facility: The division provides services to delinquent youth with a focus on balanced and restorative justice. A central goal is to avoid later involvement with the adult corrections system. Social workers supervise about 200 youth on juvenile probation.

Adoption subsidy and post-adoption supports for adoptees with special needs: Children adopted through the foster care system care are often eligible for financial supports due to their special needs. In addition, adoptive families are provided with post-adoption services to ensure their success as parents through the predictably difficult times they will face in parenting children with special needs.

The Emergency Services Program: Provides after-hours support for foster parents and other families. In addition, the Emergency Services Program staff responds to reports of abuse and neglect, deploying social workers to respond when necessary.

The Residential Licensing Unit: Promotes safety of children by licensing foster families, residential facilities and child placing agencies.

The Family Services Central Office: Provides necessary supports to ensure quality services, such as planning, policy development, quality assurance, budget development and oversight, support of the foster and residential care system, oversight on the contracted services system, etc.

Key Budget Issues:

A 2007 federal audit of those programs identified concerns in the following areas:

*The "front door" of the child welfare system is too narrow and too inconsistent.
Not enough focus is placed on supporting families whose children are in the home.
Too many children in foster care experience placement instability.
There is generally insufficient worker/client contact.*

The Division has undergone significant changes over the past three years including:

- Creation of Centralized Intake
- Implementation of various family engagement strategies
- Reduction in the use of out of home care and increase in use of kin
- Shifting of resources toward front line work (adding 5 social workers and properly equipping all social workers)
- Expanded family visiting and “front end” services.
- Passage of two major new laws governing all aspects of operation and requiring major changes in practice
- Expansion of services to youth aging out of services
- Implementation of differential response

The results have been exceptional:

- 30% increase in acceptance of reports of abuse and neglect
- Increased use of kin and decrease in out of home care
- Continued high rate of adoptions
- Substantial improvement in community/client perception of services
- Improvement in client contact

Budget changes include several reductions in the use of substitute care, increases in adoption subsidies and continued increases in services for youth aging out of care.

Several potential risks include:

- Increases in substance abuse and domestic violence in Vermont negatively affect children, youth and families - and precipitate DCF intervention. Often, these families’ circumstances result in a neglect or risk of harm substantiation.
- The number of child abuse investigations is significantly increased since the centralization of child abuse intake in September of 2008. We have opened 40% more investigations than during the same period in 2007.
- Implementation of due process requirements for individuals whose names may be placed on the state child abuse and neglect registry –this new requirement called for in 2007 legislation was implemented without new resources. The demand for hearings has severely stretched our resources.
- The federal government has continued to push down supports and increase regulations. This environment may change in the coming year, but remains a concern at this time.
- Currently, the division provides supports to nearly 1800 adopted children with special needs. These children, adopted at an older age, continue to need supportive services after adoptions, which have not kept pace with caseload.

Economic Services Division

Program Focus/Population Served:

The Economic Services Division (ESD) administers a variety of state, federal/state, and federal programs that address the basic needs of low and moderate income Vermonters.

Factors that contribute to need include unemployment, part-time or low-wage employment, family breakup, single parenthood, age, temporary or permanent disability, death of a family member, or other catastrophic event. ESD programs promote the well-being of families and individuals by providing assistance-to-work services, health care coverage, cash assistance and food support.

ESD programs serves about 170,000 low to moderate income people at any given time during the year. More than one in five Vermonters receives benefits or services from these programs.

Major Programs/Services:

Reach Up Program- On a monthly average, this program serves around 5,182 families with children who are unable to provide for themselves as a result of family breakup, single parenthood, temporary or permanent disability, unemployment, or low-wage employment. Participating families receive cash assistance, case management, and other help to achieve self-sufficiency. Families receiving Reach Up are provided Medicaid coverage and approximately nine out of ten receive federal supplemental nutrition assistance program benefits (3SquaresVT) – formerly known as Food Stamps. Expenditure of general funds in the program is required to receive the federal TANF state block grant. Reach Up supports participants in program activities such as basic education, work experience, occupational training, parenting, postsecondary education, job readiness and job search. Reach Up also provides support services to help participants with the cost of child care, transportation and other work related expenses.

Postsecondary Education program had an enrollment of 160 families as of December 1, 2010 providing financial assistance and support services while an adult member works on getting an associate or bachelor degree.

Reach First Program – This program was implemented in July 2008 and provides short-term help to families who financially qualify for Reach Up, but do not need ongoing financial assistance. The program served an average of 393 families monthly by providing them with a limited financial benefit and services to fill a temporary need while they overcome a temporary period or circumstance of financial need.

Reach Ahead Program – This program provides additional support in the form of a monthly food subsidy for up to 12 months to families who are transitioning from Reach Up and the Postsecondary Education Program. This program served an average of 199 families monthly.

TANF Reauthorization

The federal Temporary Assistance for Needy Families (TANF) block grant provides funding to states for cash assistance and other programs for low-income families. In Vermont, TANF supports the Reach Up, Emergency Assistance and Reach First programs in addition to other benefits and services for low-income families. The TANF block grant was scheduled for reauthorization in federal fiscal year 2010, but Congress failed to reauthorize the program by its September 30, 2010 expiration date. To keep the program operating, Congress extended the TANF block grant through December 3, 2010, as part of a "continuing resolution" to fund government programs. It is unclear when Congress will reauthorize TANF, but it is likely that in the interim that continuing funding resolutions will maintain the block grant.

Creative Workforce Solutions

The Reach Up Program and the Vocational Rehabilitation Division have expanded their joint efforts to help Reach Up families find employment using Creative Workforce Solutions (CWS). CWS is a consolidated and coordinated approach to employment services under the Agency of Human Services (AHS). CWS provides equal access to meaningful work in the competitive job market for all AHS program participants. It also offers employers a single point of contact for coordinated job development and placement services across AHS programs.

ARRA

The American Recovery and Reinvestment Act of 2009 (ARRA) provided federal stimulus funds to qualifying states as reimbursement for certain types of TANF expenditures made in federal fiscal years 2009 and 2010. The federal government reimbursed 80 percent of the increase in qualified expenditures over a previous base year. Areas of reimbursement included financial assistance to families, short-term non-recurrent benefits and subsidized employment. Vermont qualified for reimbursement in all three areas. New efforts in the areas of subsidized employment and food supplements for families were reimbursed in their entirety due to the help of community partners in committing 20 percent of the expenditure. Vermont is expected to receive approximately \$15 million as a result of these endeavors to support low income families during the recession.

Reach Up financial sanctions

Early in 2011, ESD will begin to impose the new financial sanction amounts for Reach Up families who are not complying with program requirements. Currently, sanctions in the first three months reduce a family's grant by \$75. In the 2010 legislative session, the General Assembly amended the law to increase the second and third months of sanction to \$100 and \$125 respectively. The state expects that there will be some moderate savings as a result of the increase, but it is also hoped that this change will motivate families to comply with the program, become self-sufficient and move off public benefits.

Refugees

The Federal Office of Refugee Resettlement has made changes in the Wilson-Fish alternative program and will no longer be providing cash assistance for TANF eligible refugees. Beginning October 1, 2010, the new refugee arrivals that are TANF eligible will be enrolled in Reach Up instead of receiving their cash assistance from Vermont Refugee Resettlement Program (VRRP) through the Office of Refugee Resettlement. In addition to cash assistance Reach Up will provide refugees with case management and employment services. These changes will mean an increase in costs for the Reach Up program both for cash assistance and case management services. Reach Up is expected to serve 30 to 60 refugee families in 2010.

Child Care Subsidy: ESD manages the child care financial assistance program to aid eligible families with the cost of their child care. Basic eligibility is based on income (monthly gross) and family size. It is also based on familial risk factors. The program serves between 7,000-8,000 children at any given time.

Provider payments are managed by the Child Development Division's central office with payments of approximately one and half million dollars every two weeks. The child care financial assistance program is funded with the Federal Child Care Development Fund and State General Funds.

Aid to the Aged, Blind, & Disabled (AABD) - The AABD appropriation funds the State Supplement to federal Supplemental Security Income (SSI) cash benefit Vermonters receive from the Social Security Administration. The majority of recipients live independently in the community, and the remainder lives in community or residential care homes. This appropriation also funds the Essential Person Program that provides cash assistance to needy household members, in many instances the spouse of the person who is aged or disabled, who is ineligible for SSI and Reach Up benefits and whose care or services are essential to the aged or disabled person's ability to remain at home.

In FY 2012 the estimated average AABD caseload is expected to be 15,325 recipients a month and the Essential Person Program caseload should be approximately 185 households a month.

General Assistance - General Assistance/Emergency Assistance (GA/EA) programs are emergency financial assistance and services for eligible individuals and families. The GA/EA Program provides emergency help to low income people who are homeless or likely to lose their home. It also pays for emergency dental, medical and prescription services that are not covered under other health insurance programs, as well as, burial services for the poor.

ESD is proposing to redesign the emergency housing assistance within the GA/EA program to better serve clients and to maximize the various homeless prevention funds available. The goals of the redesign are to provide more coordinated services for the clients and to maximize the ability to provide alternatives to motels by pooling all of the resources in the local community.

ESD has a Memorandum of Agreement with Vocational Rehabilitation Division to address the large number of regular GA recipients that are unable to work due to a physical or emotional condition. Vocational Rehabilitation is determining eligibility for this population as well as providing employment and SSI/SSDI application assistance. Through this agreement, ESD hopes to move recipients to self-sufficiency or SSI/SSDI sooner.

GA is funded from General Funds and EA from federal TANF block grant.

Food & Nutrition Programs – The Economic Services Division operates four federally regulated food and nutrition programs. Oversight of two of these programs (the Emergency Food Assistance Program and the School Meals Commodities Program) was transferred from the Child Development Division to the Economic Services Division, Food and Nutrition Programs Unit in April 2010.

3SquaresVT

The USDA Supplemental Nutrition Assistance Program (SNAP) is a federally regulated and funded entitlement program, much like Social Security. Anyone who applies and meets eligibility criteria must be found eligible. SNAP is the country's first line of defense against hunger. Its mission is to provide low-income households better access to a healthy diet while supporting American agriculture and inspiring public confidence. USDA allows states to call the federal SNAP by a state-specific name. In Vermont, SNAP is known as 3SquaresVT.

3SquaresVT benefits are 100 percent federally funded and increasing the benefits used in Vermont is one of the most direct ways to help boost the state economy because benefits are redeemed almost immediately on new purchases of food. The program generated between \$121 and \$122 million in federal benefits in State Fiscal Year 2010 – supporting family food budgets and the state's economy. According to studies performed by USDA's Economic Research Service, every 3SquaresVT dollar redeemed stimulates our economy by an additional 84 cents. Thus, 3SquaresVT boosted the state's economy by nearly \$224 million during the last fiscal year.

3SquaresVT has been instrumental in generating funds to support modernization efforts underway at the department. Since 2006, 3SquaresVT has been awarded more than \$1.67 million via five cash bonuses from the United States Department of Agriculture for high performance in the areas of error reduction and increased participation. These funds may be leveraged to draw down more federal financial participation administrative dollars from the USDA.

The department issues nearly all of its 3SquaresVT benefits by electronic benefit transfer (EBT). EBT benefits are applied to a card that looks and operates like a debit or ATM card. Use of the card allows beneficiaries to purchase their food in privacy without calling attention to their status as 3SquaresVT participants.

For households in which everyone is either age 65 or older, an SSI recipient, or a combination of both, 3SquaresVT benefits are issued either as a cash benefit applied to the EBT card or as a direct deposit of cash to a bank account. These cash benefits are intended to be used to purchase eligible foods but there is no restriction on their use. Beneficiaries are allowed full discretion on use of the cash benefit.

In January 2009, Vermont implemented broad-based categorical eligibility, which allowed the department to expand 3SquaresVT eligibility to more households by eliminating the asset test and raising the gross income test from 130% of the federal poverty level to 185% of the poverty level. The combined factors of expanded eligibility, economic recession, and program outreach caused what can only be described as an explosion in program participation; 3SquaresVT participation has grown since January 2009 (67,863 individuals) by over 29% through September 2010 (87,838 individuals). Based on average monthly enrollments, the department estimates that its 3SquaresVT caseload may exceed 92,000 individuals a month and 46,000 households per month by the end of SFY 2011. Economic factors are the primary influence on participation. This federally administered program is designed to expand and contract to meet the economic needs of families throughout the United States.

Farm To Family

Farm To Family coupons help Vermonters buy locally-grown fresh vegetables and fruits. They can be used at over 60 participating farmers' markets throughout Vermont.

About one in four Vermonters qualifies for Farm to Family coupons. They include families enrolled in the WIC Program and other individuals or households with incomes at or below 185% of the federal poverty limit. Families with a WIC participant over six months old must apply at special Farm To Family sessions held by the district Health offices. Other households, both elderly and non-elderly, apply through their local Community Action Agency.

The application process begins in late June of each year, and \$30 worth of coupons is provided at the time of application. Receipt of coupons is not an entitlement so distribution is on a first come, first served basis and they run out quickly. The coupons are valid for just one market season and expire on October 31 each year.

The Emergency Food Assistance Program (TEFAP)

TEFAP is a U.S. Department of Agriculture (USDA) program that helps supplement the diets of low-income Americans, including elderly people, by providing them with emergency food and nutrition assistance at no cost. The amount of food that each State receives out of the total amount of food provided is based on the number of unemployed persons and the number of people with incomes below the poverty level in the State. Under TEFAP, USDA foods are made available to State Distributing Agencies.

As the State Distributing Agency for the program the Department for Children and Families receives \$88,976 in federal administrative funds to support the storage and distribution of USDA foods. Under the TEFAP State Plan, these funds are passed through in full to the Vermont Foodbank (\$83,976) and two community action agencies – CVOEO (\$2,500) and BROOC (\$2,500) – for the receipt, storage and distribution of TEFAP commodities. All state administrative costs associated with TEFAP are paid with state funds.

The School Meals Commodities Program

The National School Lunch Program (NSLP) is the oldest federal nutrition program. Through this program public and private schools, and residential child care institutions, receive food for lunches served to students enrolled in twelfth grade and under. The amount of food assistance that each State receives is based on the number of reimbursable lunches served to children in these schools. In FFY10, approximately \$2,000,000 of food was distributed to schools in NSLP, child cares participating in the Child and Adult Care Food Program (CACFP) and summer feeding programs in the Summer Food Service Program (SFSP). As the State Distributing Agency for the program, the Department for Children and Families received \$57,435 in FFY10 federal administrative funds for state administrative expenses. All other state administrative expenses are paid with state funds.

Home Heating Fuel Assistance (LIHEAP) - Via Act 158 (1996), the General Assembly defined in statute the purpose of and conditions under which Vermont households may qualify for heating fuel assistance. Fuel assistance funding primarily comes from the federal Low-Income Home Energy Assistance Program (LIHEAP).

Vermont's fuel assistance program has two components: Seasonal Fuel Assistance operated state-wide by ESD's Office of Home Heating Fuel Assistance, and Crisis Fuel Assistance operated through grant agreements with the state's five community action agencies. In May, 2010 the Vermont Legislature and the Douglas Administration agreed to eligibility changes to provide assistance to more Vermont households. For seasonal assistance the income limit was raised from "net" 125% FPL based on household size to "gross" 185% and the resource test was eliminated. For crisis assistance the income the income limit was raised from "net" 150% to "gross" 200%.

Seasonal Fuel Assistance

The Seasonal component accepts new applications and on-going eligibility reviews year round. Benefits are issued once a season per household either as a line of credit paid to a household's certified fuel supplier, or for households where heat is included in the rent as a cash benefit paid to the head of household. If a client heats with firewood or wood pellets, the benefit is issued to the client as a two-party check to be used with any supplier they choose. Benefits are not intended to meet the total cost of heating the home, but rather to provide supplemental assistance to households that qualify.

Seasonal fuel benefits in FY11 were much lower primarily as a result of a reduction in the funding that Vermont receives from the Federal Government. Vermont's share of the federal funding has been reduced from \$25.6 million to \$15.0 million. The average benefit this year for clients with income under the old guidelines is \$660 compared to an average \$1,136 last year. If additional funding becomes available eligible households will automatically receive a bonus fuel benefit.

Crisis Fuel Assistance

The Crisis component operates from late November until late April. Households may receive up to three grants per season for either heating fuel or to prevent disconnection of electric service. A state-wide emergency hotline operates nights, weekends and holidays. Households do not have to be out of fuel to apply for Crisis assistance, and if the head of household is elderly (age 60 or older) or disabled they may apply for Crisis assistance by phone.

In FY2010 approximately 7,000 households were assisted and received over 11,500 crisis grants totaling \$3 million. For FY2011 a total of \$2.5 M has been committed for crisis fuel grants and is projected to provide assistance to over 7,000 households.

Health Care Eligibility Determination Services

The division determines and maintains eligibility for more than 170,000 Vermonters who are eligible for health care coverage. The division processes applications from thousands of other applicant who are seeking coverage but are not eligible under the program rules. The complexity of eligibility determinations results from the combined issues of Vermont's broad range of health care programs and the use of an existing computer system which has become antiquated.

Key Budget Issues

The Recession

The national recession continues to affect caseloads in the ESD. Numbers of new applications are above historic levels. Additionally, position reductions in ESD that were targeted to reduce state budget deficits exceeded sustainable levels given the increase in caseloads. 20 positions were added in January of 2011 to meet the needs of the additional caseload demands.

Federal and State Health Care Reform

The Division will be closely involved in implementing changes to requirements for processing eligibility and other more substantive changes brought about by federal health care reform (the Affordable Care Act, or ACA.) Changes in health care at the state level that may begin in the 2011 legislative session may also require changes and adaptations by the Division. The early emphasis in federal health care reform has focused on information technology needs.

Continuing Emphasis on Advances in Information Technology

The Division will continue to make significant advances in information technology, beyond modernization, with the ultimate goal of an entirely new eligibility system known as VIEWS that will meet both the state's needs and the objectives of federal health care reform. Staff and resources will need to be devoted to design and implement the new information technology.

Federal Mandates

Unfunded federal mandates and caseload growth continue to require significant additional human and fiscal resources for the provision of health care eligibility determination services and for the development and management of the data systems required to support it.

CHIPRA legislation resulted in requirements for more unfunded federal mandates, including: exemption for children from Citizenship and Identification (C&I) test if child's mother was active on health care when born; verification of citizenship status via interface with SSA; redefinition of C&I reasonable opportunity period; and one-time retroactive newborn eligibility (back to 2006) to screen children for Medicaid/Dr. Dynasaur if failed C&I as newborn. These requirements resulted in new workload for existing division staff.

Continued Implementation of Recent Federal Mandates

In 2008, Congress imposed mandates that required implementation or the agency risks loss of federal funding for Medicaid programs. ESD has implemented 2 of the 3 mandates. The Division is currently in the process of implementing the 3rd mandate which is an automated verification system (AVS) for liquid assets for long term care clients. This unfunded federal mandate is required by the Supplemental Appropriations Act of 2008) passed July 2008. The division has received proposals from two vendors for a new Vermont AVS. The division is still working toward implementation of this project. The Department is concerned that the cost of this requirement will exceed any cost savings or efficiencies it may achieve.

Economic Benefits Modernization

In FY10 and FY11, ESD modernized the administration of its benefits programs. Most client contact is through the web or via a call center. ESD continues to balance the staffing levels in this modernized system..

Most costs associated with this effort are being borne by bonuses earned by the Food Stamps Program and by a federal grant.

Economic forces create and remove demand on the economic benefits provided through the Economic Services Division. We will need to be vigilant in assuring that we are prepared to respond to changing realities.

Office of Disability Determination Services

Program Focus/Population Served:

Disability Determination Services (DDS) serves the public by making prompt, regulation-compliant decisions of medical eligibility for disability benefits under Social Security and Supplemental Security Income (SSI). All funds expended by DDS to process Social Security and SSI disability claims, including staff salaries and benefits, are 100% federally reimbursed, including the indirect cost for administrative overhead as determined by the cost allocation plan. A small part of the DDS workload involves disability determinations for Medicaid, as governed by the Memorandum of Agreement between SSA and DCF.

Key Budget Issues:

Staffing

Maintaining sufficient DDS staffing is critical. It takes a minimum of two years to train entry-level adjudicators to basic competency and another two to three years for full competency with all claims. A loss of even one adjudicator significantly reduces the number of claims that the DDS can complete until the replacement is trained. Social Security usually authorizes DDS hiring during a short window after the federal budget is passed and before the federal fiscal year ends.

Since all DDS staff's salaries and benefits are 100% federally funded, the Department makes every effort to facilitate prompt hiring whenever authorized by Social Security. Otherwise, some of the most vulnerable Vermonters – people with disabilities in severe financial hardship – may suffer from significant claim delays. Reviews of medical eligibility for benefits may also be delayed, enabling people who are no longer disabled to continue to collect benefits until the reviews of their claims are complete.

Office of Child Support

Program Focus:

The Office of Child Support (OCS) manages the Vermont child support program under Title IV-D of the Social Security Act by enforcing ordered child support obligations, establishing child support, medical support, parentage orders, and locating missing non-custodial parents. Title IV-D requires that states have child support programs. OCS is the sole organization in the State of Vermont responsible for the child support program - one mission, one program. Ultimately, Vermont OCS is required by law to perform the complete array of our existing services regardless of budgetary circumstances.

For the families served, collections are the most critical outcome. Receiving child support often makes the difference between needing state financial assistance or remaining independent and self-supporting. Approximately 45% of families served by OCS have moved away from public assistance to being self-supportive. There is a growing reliance on child support payments as the safety net for the working poor. The majority of families served by OCS (72%), although typically low income, are not receiving Reach Up benefits. While Reach Up caseloads may be declining (28% of OCS families), OCS provides an income support to the former-Reach Up families for many years to come.

In addition to child support, OCS obtains medical insurance provisions in court orders. When parents provide medical insurance, public medical insurance program expenditures can be avoided. Nationally, child support organizations are seen as a key partner in the challenge of providing medical coverage.

In 2008, OCS embarked on a Business Process Improvement initiative by working with a professional carefully scrutinizing several operational processes. OCS understands improvement of internal processes leads to business efficiency and helps offset diminished resources.

In SFY'10, OCS received federal ARRA funds specifically for the purpose of improving the child support program. Using the funding, coupled with the planning performed from the business process initiative, OCS is currently working on a project to improving the financial processing system for child support. The project is focusing on the following areas:

- Providing the capability to reconcile child support collections in the ACCESS Mainframe system to VISION;
- Improving the processing of payments by automating more of the process of payment allocation;
- Adding functionality to the ACCESS Mainframe system to automatically compute and assess surcharge on child support arrears;
- Improving the process of preparing case accountings on cases;
- Enhancing the OCS Data Warehouse (PEAKS) to improve functionality and reduce maintenance costs.

Key Budget Issues:

Position Elimination--Conducting Business with Less:

Vermont OCS understands the budgetary issues presented to states today. However, the impact of position eliminations will likely erode our usual high level of performance and reduce the number of legal actions on behalf of our customers. This pressure is also viewed as an opportunity for us, as well, as demonstrated in the section above. OCS will attempt to be creative and efficient by developing ways to prevent service impact to our customers. However, as customer needs increase and positions decrease there will likely be a saturation level when such consequences are felt.

Reduction in IV-D Performance Incentive Funding

The ability to receive IV-D FFP for performance incentive funding was eliminated under the Deficit Reduction Act of 2005. In addition, as other states' improve their performance the share of the incentive funding pool available to Vermont has been slowly decreasing each year. The result is that a greater share of state general fund dollars is now necessary to support OCS' budget, from approximately \$1.3M in SFY 05 to \$2.5M in SFY 11.

Office of Economic Opportunity

Program Focus

The Vermont Office of Economic Opportunity (OEO) seeks to increase the self-sufficiency of Vermonters and strengthen Vermont communities. OEO provides program and grants management, resource identification and development, training and technical assistance and advocacy for community-based organizations in a manner that fosters creativity and innovation.

OEO connects communities to resources within government and the private sector in order to eliminate poverty.

Major Programs/Services

Community Services

OEO's Community Services works to alleviate poverty and provide crisis assistance through emergency food, shelter and other services. Community Services involves a variety of state and federal funding sources aimed at specific program areas:

The Community Services Block Grant from the U.S. Department of Health and Human Services provides basic funding for Vermont's five Community Action Agencies (CAAs) and has been in existence since 1964. In 2010, Vermont CAA's provided direct services to over 50,000 low-income Vermonters. Direct services include emergency food shelves, employment, health, nutrition, housing and other assistance.

The Federal Emergency Management Agency (FEMA) also awards emergency food and shelter funds to Vermont through OEO, which distributes these funds to approximately 25 non-profit organizations serving low-income Vermonters, thereby assisting them with emergency food and shelter needs.

Homelessness Services

OEO provides multiple grants and technical support to community non-profits engaged in sheltering the homeless, homelessness prevention, and moving families and individuals towards permanent housing.

A combination of federal Housing and Urban Development (HUD) funding and a state General Fund appropriation provides Vermont homeless shelters and providers of services to the precariously housed, funds to meet the needs of persons who are homeless or at risk of homelessness. Efforts continue to provide sufficient shelter with increased initiatives providing more emergency shelters.

Asset Development Programs

The statewide Micro Business Development Program is operated through Community Action Agencies to promote self-employment and business opportunities for low income Vermonters through Job Start loans, business planning and technical assistance.

In 2010, 86 new businesses were started up and approximately 111 new full-time equivalent jobs were created by business start-ups, expansions and enhancements. The most recent comprehensive study of the Micro Business Development Program, conducted by UVM in the fall of 2009, shows an average business start-up rate of 41% of clients starting a business after having worked with the program. Further, 91% of these start-ups remained in business after an average of 3.5 years in business. This survival rate is higher than the SBA's national average survival rate of 66% after 2 years and 44% after 4 years. A similar study done by UVM in 2003 found that 64% of client businesses started since 10/1/98 were still in business in 2001. Program participants, who do not start businesses, often acquire the job readiness skills and job skills that help them obtain employment.

Individual Development Accounts (IDAs) provide a savings instrument for low-income Vermonters to purchase a home, continue their education or start a small business. Participants save a portion of their income over a 24-month period while receiving financial and budgeting education. After this savings phase, the participant's accumulated savings is matched by public and private funding. In 2010, 51 savers used their savings and matched funds to capitalize a small business; 21 to pursue post-secondary education; and 11 to purchase a home. During this same time period, 50 new savers opened IDA accounts.

The Job Start Revolving Loan Fund provides capital to low- to moderate-income Vermonters starting or expanding micro businesses. This program provides micro business loans and other assistance to borrowers who do not meet the requirements for traditional bank financing. Typical loans are between \$5,000 and \$25,000. The Job Start revolving loan program was transferred from VEDA to Community Capital of Vermont on May 1, 2008. When this transfer occurred, the administration of the program was also transferred to the Office of Economic Opportunity. In calendar year 2009, 12 new loans totaling \$175,783 were disbursed. These loans leveraged additional capital from Community Capital, borrower, and other private funds. Some borrowers also utilize Community Capital's post-loan technical assistance services.

Vermont Weatherization Program

Mission:

To reduce the energy costs for low-income families, particularly for the elderly, people with disabilities, and children, by improving the energy efficiency and comfort of their homes while ensuring their health and safety.

History:

The Vermont Weatherization Program was started in 1976 in response to a national energy crisis. Funding for the early days of the program was provided solely by the US Department of Energy (USDOE). This changed in 1990 when the State of Vermont Legislature introduced and passed bill H.832 which established the Vermont Weatherization Trust Fund (WTF). The WTF provides state funding for weatherization through a one half percent gross receipts tax on all non-transportation fuels sold in the state. The WTF stabilized the funding, infrastructure and technical capacity of the program. It also allowed Vermont to raise the average cost per job for more comprehensive work. Current funding for weatherization in Vermont is over \$15M including \$8.4M of ARRA funds. In program year 2010, 1764 homes were weatherized.

Services Available to Income-Eligible People Include:

- Comprehensive “whole house” assessment of energy related problems,
- State-of-the-art building diagnostics including: blower door testing, carbon monoxide and heating system testing and infrared scans.
- “Full-service” energy efficiency retrofits including: dense-pack sidewall insulation, air sealing, attic insulation, heating system upgrades and replacements.

Key Budget Issues:

Homelessness plagues many Vermonters. And the recent “freeze” on section 8 housing vouchers will only exacerbate the problem. Families with children are found in increasing numbers in homeless shelters. Homeless shelters, Community Action Agencies and other service providers struggle to find decent housing — at any price — for the large number of working, but homeless, families. Living in shelters and being homeless has a negative effect on children. As shelters reach capacity, more and more Vermonters are turned away, ultimately living on the streets or on someone’s couch. Transitional housing with supportive services can alleviate some of this pressure.

Weatherization Trust Fund dollars were moved out of OEO in a “one-time” action this past year and with the loss of ARRA funding, will need to be replaced if Vermont is to continue its’ weatherization production at the current pace.